

Message Text

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PAGE 01 MANILA 09623 01 OF 02 090202Z

ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 NEA-11 IO-13 AID-05 CIAE-00
COME-00 EB-08 FRB-03 INR-10 NSAE-00 ICA-11 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-07 CEA-01 H-01 L-03 PA-01 OIC-02 /120 W
-----126698 090226Z /73

P 090039Z JUN 78

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 6919

INFO AMEMBASSY PORT MORESBY PRIORITY

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USADB

FOR NAC AGENCIES

EO 11652:N/A

TAGS:EAID, EFIN, ADB

SUBJECT: PROPOSED TECHNICAL ASSISTANCE TO PAPUA NEW

- GUINEA FOR PROJECT PLANNING AND IMPLEMENTATION

SUMMARY: ADB MANAGEMENT PROPOSES 238,000 DOLLAR EQUIVALENT
TECHNICAL ASSISTANCE GRANT TO PAPUA NEW GUINEA TO FINANCE
THE FOREX COST OF TWO EXPERTS FOR A TOTAL OF 27 MAN MONTHS
IN PROJECT PLANNING AND IMPLEMENTATION. GOVERNMENT AGREES
TO COVER LOCAL CURRENCY COSTS ESTIMATED AT 40,000 DOLLARS,
THUS INCREASING THE TOTAL COST OF THE PROPOSAL TO 278,000
DOLLARS. GOVERNMENT CONSIDERS THIS ACTIVITY AS HIGH
PRIORITY FOR INCREASING THE CAPABILITY OF ITS RECENTLY
REORGANIZED NATIONAL PLANNING OFFICE AND BELIEVES THAT
CENTRAL COORDINATION FOR BOTH INTERNAL AND EXTERNAL
DEVELOPMENT ACTIVITIES IS ESSENTIAL TO ENABLE IT TO ATTAIN
ITS NATIONAL GOALS. THE GOVERNMENT HAS TAKEN A NUMBER OF
IMPORTANT STEPS TO UPGRADE

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PAGE 02 MANILA 09623 01 OF 02 090202Z

ITS OWN CAPABILITY IN THIS AREA.

ITS REQUIREMENTS FOR EXTERNAL ASSISTANCE IN THIS REGARD ARE
WELL SPELLED OUT AND THE BANK IS AN APPROPRIATE DONOR FOR
THIS ECONOMICALLY IMPORTANT EFFORT. USADB RECOMMENDS
FAVORABLE NAC ACTION. END SUMMARY.

1. ADB DOC R48-78 DESCRIBING PROPOSED GRANT WAS POUCHED

ADDRESSEES JUNE 7. BOARD CONSIDERATION IS SCHEDULED
JUNE 29.

2. ADB MANAGEMENT PROPOSES 238,000 DOLLAR GRANT TO PAPUA
NEW GUINEA TO FINANCE THE COST OF SERVICES OF 15 MAN MONTHS
FOR A PROJECT PLANNING SPECIALIST AND 12 MAN MONTHS FOR A
PROJECT IMPLEMENTATION EXPERT TO SERVE IN THE NATIONAL
PLANNING OFFICE. PROCEEDS WILL FINANCE THE FOREX COST OF
THE TWO EXPERTS, I.E., REMUNERATION AND PER DIEM,
INTERNATIONAL TRAVEL, AND MISCELLANEOUS EXPENSES.
GOVERNMENT HAS AGREED TO FINANCE THE LOCAL CURRENCY COST
ESTIMATED AT 40,000 DOLLARS TO COVER SALARIES OF LOCAL
PERSONNEL, OFFICE ACCOMMODATIONS AND SUPPLIES, DOMESTIC
TRAVEL, REPRODUCTION OF MANUALS AND NECESSARY EQUIPMENT.
THE TOTAL COST OF THE PROJECT, THEREFORE, IS ESTIMATED AT
278,000 DOLLARS. THE GRANT WILL BE CHARGED TO THE TA
BUDGET PROVISION FOR SERVICES TO MEMBER COUNTRIES. THE
NATIONAL PLANNING OFFICE (NPO) IN THE DEPARTMENT OF THE
PRIME MINISTER WILL BE THE EXECUTING AGENCY FOR THE
PROPOSED TA.

3. PAPUA NEW GUINEA DOES NOT HAVE A DEVELOPMENT PLAN PER
SE; IT HAS, HOWEVER, A NATIONAL PUBLIC EXPENDITURE PLAN
(NPEP) FOR 1978-1981. THE PLAN SERVES AS A FRAMEWORK FOR
PURSUING ITS ESTABLISHED PRIORITIES, WITH FLEXIBILITY FOR
THE YEAR-TO-YEAR SELECTION OF PROJECTS AND FOR RESOURCE
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PAGE 03 MANILA 09623 01 OF 02 090202Z

ALLOCATION FOR THOSE PROJECTS. ITS PRIMARY OBJECTIVES
INCLUDE THE RAPID NEW GUINEANIZATION OF THE ECONOMY,
INCREASED EQUALITY IN DISTRIBUTION OF ECONOMIC BENEFITS
AND DECENTRALIZATION OF ECONOMIC ACTIVITY, PLANNING AND
GOVERNMENT SPENDING. ITS DECLARED MODUS OPERANDI IS TO
MAINTAIN CURRENT ACCOUNT EXPENDITURES CONSTANT IN REAL
TERMS WHILE INCREASING EXPENDITURES FOR DEVELOPMENT
ACTIVITIES IN CERTAIN WELL DEFINED AREAS. PNG'S
DEVELOPMENT PLANNING RESPONSIBILITY IS VESTED IN NPO
WHICH IS PART OF THE DEPARTMENT OF THE PRIME MINISTER AND
WHICH WILL SERVE AS EXECUTING AGENCY FOR THE PROPOSED
PROJECT. THE NEWLY CONSTITUTED NPO IS ABOUT ONE YEAR OLD
AND IS HEADED BY A DIRECTOR AND HAS A STAFF OF 59, MANY
OF WHOM ARE ECONOMISTS. ITS MAJOR FUNCTION IS PROJECT
COORDINATION; HOWEVER, IT ALSO HAS RESPONSIBILITIES IN
RESEARCH, POLICY, PLANNING PROGRAMMING AND PROJECT
IMPLEMENTATION AREAS. NPO IS THE MAIN CLEARING CENTER
FOR ALL PROJECTS, REGARDLESS OF THE SOURCE OF FINANCING
INTERNALLY OR EXTERNALLY, WHOSE TOTAL COST IS IN EXCESS
OF 68,000 DOLLARS. BRIEF DESCRIPTIONS OF PROJECTS ARE
SUBMITTED TO NPO INITIALLY FOR REVIEW AFTER WHICH THE
PROJECTS ARE FORWARDED TO THE NATIONAL PLANNING COMMITTEE

(NPC) CHAIRED BY THE DEPUTY PRIME MINISTER AND INCLUDING THE MINISTER OF FINANCE, LABOR, PRIMARY INDUSTRY AND NATURAL RESOURCES. THE NPC APPROVES THE HIGHER PRIORITY PROPOSALS FOR FURTHER PROCESSING AND RETURNS THEM FOR FURTHER PROCESSING. NPO EVALUATES DETAILED PROPOSALS AND SUBJECTS THEM TO FURTHER REVIEW AND APPROVALS.

4. GOVERNMENT'S MAJOR DEFICIENCY IS IN ITS PROJECT PLANNING CAPACITY. IN MOST OF THE EXISTING 23 DEPARTMENTS AT MINISTERIAL LEVEL, THERE ARE NO WELL-DEFINED PLANNING UNITS, NOR ARE THE LINKAGES BETWEEN PLANNING AND TECHNICAL FUNCTIONS WELL DEVELOPED. THE MAIN REASON FOR THE DIFFICULTIES THAT THE DEPARTMENTS HAVE BEEN GENERALLY

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PAGE 01 MANILA 09623 02 OF 02 090204Z
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FM AMEMBASSY MANILA
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LIMITED OFFICIAL USE SECTION 02 OF 02 MANILA 09623

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FOR NAC AGENCIES

FACING IN DEVELOPING PROJECT PROPOSALS HAS BEEN THE LACK OF ADEQUATELY TRAINED AND EXPERIENCED STAFF. THE REQUIREMENT UNDER NPEP THAT PROJECT PROPOSALS SHOULD BE CONSISTENTLY PRESENTED IN A FORM WHICH IS MORE THAN A "PROJECT CONCEPT", MAKES GREATER DEMANDS THAN HERETOFORE ON DEPARTMENTAL CAPABILITIES, AND NEEDS TO BE ADEQUATELY SUPPORTED BY DETAILED INSTRUCTIONS AND SUITABLE TRAINING WHERE NECESSARY. MANY OF THE PROJECT PROPOSALS SUBMITTED FOR THE 1978 MOEP WERE UNSATISFACTORY. OUT OF 275 PROPOSALS, ONLY 144 WERE FOUND SUITABLE FOR FURTHER PROCESSING. GOVERNMENT IS MAKING SOME EFFORT TO INCREASE

ITS CAPABILITY IN THIS AREA. IT HAS RECENTLY INSTRUCTED
VARIOUS HP#
NUEFMKSJY# AGENCIES AND PROVINCIAL
ADMINISTRATIONS TO DESIGNATE LIAISON OFFICERS TO
COORDINATE THEIR NPEP PROJECTS WITH NPO AND WITH FIELD
MANAGERS. PLANS ARE UNDERWAY TO INTENSIFY COURSES IN
PROJECT MANAGEMENT WITH SPECIFIC EMPHASIS ON PLANNING,
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PAGE 02 MANILA 09623 02 OF 02 090204Z

BUDGETS, PROJECT PREPARATION AND IMPLEMENTATION. THE
MAJOR SCOPE OF SERVICES FOR THE TWO CONSULTANTS UNDER THE
PROPOSED TA IS TO ASSIST THE GOVERNMENT IN DEVELOPING
EFFECTIVE ORGANIZATION, SYSTEMS AND PROCEDURES FOR
SELECTION, PREPARATION, EVALUATION AND IMPLEMENTATION OF
PROJECTS AS WELL AS FOR SUITABLE TRAINING OF LOCAL STAFF
IN ALL THESE PROCESSES. THE PROJECT IS AIMED SPECIFICALLY
AT UPGRADING THE SKILLS OF NPO AND OTHER GOVERNMENT STAFF
CURRENTLY ESTIMATED AT 200 PERSONS.

5. THE BANK HAS PREPARED A TENTATIVE SHORT LIST OF
CONSULTING FIRMS FROM ITS ACTIVE FILES. FIRMS WERE
SELECTED ON THE BASIS THAT THEY HAD PRIOR EXPERIENCE IN
PLANNING, PROJECT DEVELOPMENT AND PROJECT IMPLEMENTATION.

6. USADB COMMENT: THE PROPOSED TA IS APPARENTLY IN LINE
WITH THE PRIORITY REQUIREMENTS OF THE GOVERNMENT.
GOVERNMENT BELIEVES THAT ITS STRATEGY OF AVOIDING
SOPHISTICATED MACRO-ECONOMIC PLANS IS SOUND AND IS
MANIFESTED IN ITS ACCEPTANCE OF A GENERAL FRAMEWORK FOR
PURSUING MEDIUM-TERM GOALS WITH SUFFICIENT FLEXIBILITY
FOR YEAR TO YEAR SELECTION OF PROJECTS AND FOR RESOURCE
ALLOCATION FOR THOSE PROJECTS. WE SUSPECT THAT THE
QUALITY AND EXPERIENCE OF THE INDIVIDUAL CONSULTANTS WILL
BE A MAJOR FACTOR IN THE SUCCESS OF THE PROJECT AND WOULD
COMMENT ON THIS MATTER AT THE BOARD MEETING. USADB
BELIEVES THE TA IS RELEVANT FOR PAPUA NEW GUINEA AND
APPARENTLY A HIGH PRIORITY REQUIREMENT. WE SUPPORT THE
PROPOSAL AND RECOMMEND FAVORABLE NAC ACTION.

7. REQUEST AMEMBASSY PORT MORESBY COMMENTS FOR NAC
AGENCIES, INFO USADB MANILA, PURSUANT TO STATE 119795
DATED JULY 3, 1972. WESTCOTT
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PAGE 03 MANILA 09623 02 OF 02 090204Z

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